

Town Of Junction City, Louisiana

Financial Statements
For The Year Ended June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/13/10

Douglas A. Brewer, LLC

Certified Public Accountant

TOWN OF JUNCTION CITY, LOUISIANA
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Junction City, Louisiana

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Junction City, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Town as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information for the Town of Junction City, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 29, 2009, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of my audit.

Honorable Mayor and Board of Aldermen of
Junction City, Louisiana
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The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 30 through 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Douglas A. Brewer, LLC

Ruston, Louisiana
December 29, 2009

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

Our discussion and analysis of the Town of Junction City, Louisiana provides an overview of the Town's activities for the year ended June 30, 2009. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Town's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Junction City, on a government-wide basis, exceeded it's liabilities at the end of the fiscal year by \$1,664,594. Of this amount, \$319,663 is unrestricted.
- The Town's total net assets increased by \$361,366 for the fiscal year. This is a result of a \$29,976 increase in governmental net assets and a \$331,390 increase in business-type net assets. The primary reason for the increases was the Town receiving \$358,254 in grant funds for the fiscal year.
- The Town's governmental activities reported combined ending net assets of \$566,046. Unrestricted net assets account for \$256,985.
- The unreserved fund balance of the general fund was \$256,985, or 227% of the total general fund expenditures.
- The general fund reported a surplus of \$5,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Junction City's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting operations in more detail than the government-wide statements.
- The governmental fund statement tells how general government services like public safety were financed in the short-term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long-term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the new focus is on both the Town as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Town's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Town's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town of Junction City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Town's net assets and how they have changed. Net assets – the difference between the Town's assets and liabilities – are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating.

In the statement of net assets and the statement of activities, the Town is divided into two categories:

- Governmental activities – Most of the Town's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.

- Business-type activities – The town charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting mechanisms that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds:

- Governmental funds – Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Town's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net assets for the 2008-2009 fiscal year increased by \$361,366. A condensed statement of net assets for the years ended June 30, 2009 and 2008 is shown below:

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

For The Year Ended June 30, 2009

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
ASSETS:			
Current and Other Assets	\$ 259,085	\$ 382,896	\$ 641,981
Capital Assets	<u>309,061</u>	<u>1,295,399</u>	<u>1,604,460</u>
Total Assets	<u>\$ 568,146</u>	<u>\$ 1,678,295</u>	<u>\$ 2,246,441</u>
LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 271,979	\$ 271,979
Other Liabilities	<u>2,100</u>	<u>307,768</u>	<u>309,868</u>
Total Liabilities	<u>2,100</u>	<u>579,747</u>	<u>581,847</u>
NET ASSETS:			
Invested in Capital Assets Net of Debt	309,061	1,020,420	1,329,481
Unrestricted	<u>256,985</u>	<u>78,128</u>	<u>335,113</u>
Total Net Assets	<u>\$ 566,046</u>	<u>\$ 1,098,548</u>	<u>\$ 1,664,594</u>

For The Year Ended June 30, 2008

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
ASSETS:			
Current and Other Assets	\$ 254,085	\$ 152,279	\$ 406,364
Capital Assets	<u>284,085</u>	<u>917,241</u>	<u>1,201,326</u>
Total Assets	<u>\$ 538,170</u>	<u>\$ 1,069,520</u>	<u>\$ 1,607,690</u>
LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 284,979	\$ 284,979
Other Liabilities	<u>2,100</u>	<u>17,383</u>	<u>15,788</u>
Total Liabilities	<u>2,100</u>	<u>302,362</u>	<u>304,462</u>
NET ASSETS:			
Invested in Capital Assets Net of Debt	284,085	619,262	903,347
Unrestricted	<u>251,985</u>	<u>147,896</u>	<u>399,881</u>
Total Net Assets	<u>\$ 536,070</u>	<u>\$ 767,158</u>	<u>\$ 1,303,228</u>

Net assets (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Town of Junction City's assets exceeded liabilities by \$1,664,594 at the close of the fiscal year. The largest portion of the Town's net assets (79.87%) reflects its investment in capital assets. The Town uses these assets to provide services to its citizens and those assets are not available for spending.

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

Government Activities

Net assets of the Town's governmental activities increased \$29,976 for the year ended June 30, 2009 and decreased \$4,181 for the year ended June 30, 2008.

Business-type Activities

Net assets of the Town's business-type activities increased \$331,390 and decreased \$19,132 for the fiscal years ended June 30, 2009 and 2008.

Statement of Activities

The following tables show the revenues and expenses of the governmental and business type activities for the fiscal years ended June 30, 2009 and 2008:

For The Year Ended June 30, 2009

	Governmental Activities	Business Type Activities	Total Primary Government
REVENUES:			
Program Revenues			
Charges for Services	\$ 21,623	\$ 111,649	\$ 133,272
Capital Grants and Contributions	19,500	338,754	358,254
General Revenues			
Property Taxes	5,881	-	5,881
Sales Taxes	38,545	-	38,545
Franchise Revenue	16,667	-	16,667
Miscellaneous	11,697	-	11,697
Interest Earned	4,177	1,428	5,605
Transfers	(-)	-	-
Total Revenues	118,090	451,831	569,921
EXPENSES:			
General Government	53,904	-	53,904
Public Safety	34,210	-	34,210
Utilities	-	120,441	120,441
Total Expenses	88,114	120,441	208,555
Increase/Decrease in Net Assets	29,976	331,390	361,366
Net Assets Beginning	536,070	767,158	1,303,228
Net Assets Ending	\$ 566,046	\$ 1,098,548	\$ 1,664,594

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

For The Year Ended June 30, 2008

	Governmental Activities	Business Type Activities	Total Primary Government
REVENUES:			
Program Revenues			
Charges for Services	\$ 10,280	\$ 102,401	\$ 112,681
Capital Grants and Contributions	-	13,675	13,675
General Revenues			
Property Taxes	5,484	-	5,484
Sales Taxes	36,783	-	36,783
Franchise Revenue	16,653	-	16,653
Miscellaneous	5,944	-	5,944
Interest Earned	13,166	4,876	18,042
Transfers	(2,911)	2,911	-
Total Revenues	<u>85,399</u>	<u>123,863</u>	<u>209,262</u>
EXPENSES:			
General Government	53,802	-	53,802
Public Safety	35,778	-	35,778
Utilities	-	142,995	142,995
Total Expenses	<u>89,580</u>	<u>142,995</u>	<u>232,575</u>
Increase/Decrease in Net Assets	(4,181)	(19,132)	(23,313)
Net Assets June 30, 2007	<u>540,251</u>	<u>786,290</u>	<u>1,326,541</u>
Net Assets June 30, 2008	<u>\$ 536,070</u>	<u>\$ 767,158</u>	<u>\$ 1,303,228</u>

Governmental Activities

During the fiscal years ended June 30, 2009 and 2008, the major sources of income were:

	<u>2009</u>	<u>2008</u>
• Sales Tax	7%	42%
• Franchise Fees	3%	19%
• Fines & Forfeitures	4%	12%
• Grant Funds	63%	-%
• Investment Earnings	1%	15%

Business-type Activities

Total revenues from business-type activities were \$111,649 and \$120,952 for the fiscal years ended June 30, 2009 and 2008.

TOWN OF JUNCTION CITY, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2009

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town of Junction City uses Fund accounting and demonstrates compliance with finance-related legal requirements.

Government Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's combined ending fund balances were \$566,046 and \$536,070 at June 30, 2009 and 2008. The unreserved portions or the portion available for spending were \$256,985 and \$251,985.

Proprietary Funds

The Town's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net assets of the Utilities Enterprise fund were \$1,098,548 and \$767,158 at June 30, 2009 and 2008. The fund had operating losses of \$8,792 and \$40,594, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Town of Junction City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 and 2008 amounted to \$1,604,460 and \$1,201,326 and (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$271,979 and \$284,979 is to Rural Development for revenue bonds that were used to upgrade the Town's sewer system, and Louisiana Department of Transportation & Development for utility relocation assistance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's management and elected officials considered many factors when preparing the 2009-2010 budget. Most revenue sources should remain fairly consistent with prior year collections.

REQUEST FOR INFORMATION

This financial report is to provide citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Town Clerk, Town of Junction City, Louisiana, P.O. Box, 142, Junction City, Louisiana 71749.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 63,096	\$ 8,439	\$ 71,535
Investments	185,389	85,469	270,858
Receivables	-	299,588	299,588
Internal Balances	10,600	(10,600)	-
Capital Assets			
Land, Improvements, and Construction in Progress	30,000	370,543	400,543
Other Capital Assets, Net of Depreciation	279,061	924,856	1,203,917
Total Assets	\$ 568,146	\$ 1,678,295	\$ 2,246,441
Liabilities and Net Assets			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 2,100	\$ 289,733	\$ 291,833
Accrued Interest	-	650	650
Customer Deposits	-	17,385	17,385
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	16,000	16,000
Notes Payable - Due In More Than One Year	-	255,979	255,979
Total Liabilities	2,100	579,747	581,847
Net Assets			
Invested in Capital Assets, Net of Related Debt	309,061	1,020,420	1,329,481
Restricted For:			
Debt Service	-	15,450	15,450
Unrestricted	256,985	62,678	319,663
Total Net Assets	566,046	1,098,548	1,664,594
Total Liabilities and Net Assets	\$ 568,146	\$ 1,678,295	\$ 2,246,441

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Activities
For The Year Ended June 30, 2009

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 53,904	\$ -	\$ 19,500	\$ -
Public Safety	34,210	21,623	-	-
Total Governmental Activities	<u>\$ 88,114</u>	<u>\$ 21,623</u>	<u>\$ 19,500</u>	<u>\$ -</u>
Business-Type Activities:				
Utilities	\$ 120,441	\$ 111,649	\$ 338,754	\$ -
Total Business-Type Activities	<u>\$ 120,441</u>	<u>\$ 111,649</u>	<u>\$ 338,754</u>	<u>\$ -</u>
Total Primary Government	<u><u>\$ 208,555</u></u>	<u><u>\$ 133,272</u></u>	<u><u>\$ 358,254</u></u>	<u><u>\$ -</u></u>

General Revenues:

Taxes:

 Property Taxes Levied for General Purposes

 Sales Tax levied for General Purposes

Franchise Revenues

Occupational Licenses

Unrestricted Investment Earnings

Miscellaneous

Transfers

Total General Revenues, Special Items, and Transfers

Changes in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (34,404)	\$ -	\$ (34,404)
(12,587)	-	(12,587)
<u>\$ (46,991)</u>	<u>\$ -</u>	<u>\$ (46,991)</u>
\$ -	\$ 329,962	\$ 329,962
\$ -	\$ 329,962	\$ 329,962
<u>\$ (46,991)</u>	<u>\$ 329,962</u>	<u>\$ 282,971</u>
5,881	-	5,881
38,545	-	38,545
13,167	-	13,167
3,500	-	3,500
4,177	1,428	5,605
11,697	-	11,697
-	-	-
<u>76,967</u>	<u>1,428</u>	<u>78,395</u>
29,976	331,390	361,366
536,070	767,158	1,303,228
<u>\$ 566,046</u>	<u>\$ 1,098,548</u>	<u>\$ 1,664,594</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 63,096	\$ 63,096
Investments	185,389	185,389
Due From Other Funds	10,600	10,600
Total Assets	\$ 259,085	\$ 259,085
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 2,100	\$ 2,100
Due to Other Funds	-	-
Total Liabilities	2,100	2,100
Fund Balances		
Unreserved	256,985	256,985
Total Fund Balances	256,985	256,985
Total Liabilities and Fund Balances	\$ 259,085	

Amounts reported for *Governmental Activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

309,061

Net Assets of Governmental Activities

\$ 566,046

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Total Governmental Funds
Revenues		
Taxes	\$ 44,426	\$ 44,426
Intergovernmental	19,500	19,500
Licenses and Permits	16,667	16,667
Fines and Forfeitures	21,623	21,623
Miscellaneous	15,874	15,874
Total Revenues	118,090	118,090
Expenditures		
General Government	91,708	91,708
Public Safety	21,382	21,382
Total Expenditures	113,090	113,090
Excess of Revenues over Expenditures	5,000	5,000
Other Financing Sources (Uses)		
Operating Transfers - In	-	-
Operating Transfers - Out	-	-
Total Other Financing Sources (Uses)	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,000	5,000
Fund Balances, Beginning of Year	251,985	
Fund Balances, End of Year	\$ 256,985	
Net Changes in Fund Balances - Total Governmental Funds		5,000

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchased capitalized	43,438
Depreciation expense	(18,462)
	<u>24,976</u>
Changes in Net Assets in Governmental Activities	\$ 29,976

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities Enterprise Fund
<hr/>	
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 8,439
Investments	8,526
Receivables	13,238
Due From Other Governments	286,350
Total Current Assets	<u>316,553</u>
Noncurrent Assets:	
Restricted Cash and Investments	76,943
Capital Assets	
Land, Improvements	1,400
Office Equipment	1,901
Treatment Facilities	1,086,552
Water Wells and Lines	359,280
Construction in Progress	369,143
Total Capital Assets	<u>1,818,276</u>
Less: Accumulated Depreciation	<u>(522,877)</u>
Net Capital Assets	<u>1,295,399</u>
Total Noncurrent Assets	<u>1,372,342</u>
Total Assets	<u><u>\$ 1,688,895</u></u>

**Business-Type
Activities
Enterprise Fund**

Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 261,098
Retainage Payable	28,635
Accrued Interest	650
Customer Deposits	17,385
Due to Other Funds	10,600
Notes Payable	16,000
Total Current Liabilities	<u>334,368</u>

Noncurrent Liabilities

URAF Payable - LA DOTD	\$ 242,979
Notes Payable - Rural Development	13,000
Total Noncurrent Liabilities	<u>255,979</u>
Total Liabilities	<u>590,347</u>

Net Assets

Invested in Capital Assets, Net of Related Debt	1,020,420
Restricted For:	
Debt Service	15,450
Unrestricted	62,678
Total Net Assets	<u>1,098,548</u>
Total Liabilities and Net Assets	<u>\$ 1,688,895</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities Enterprise Fund
<u>Operating Revenues</u>	
Charges for Services - Water Sales & Sewer Fees	\$ 111,649
Total Operating Revenues	<u>111,649</u>
<u>Operating Expenses</u>	
Depreciation	40,386
Insurance	9,407
Interest	1,375
Licenses & Permits	1,574
Legal & Accounting	1,098
Materials, Repairs & Supplies	6,833
Mowing	1,207
Other Administrative	4,354
Payroll Taxes	1,999
Salaries & Wages	27,200
Sample Collections/Testing	3,100
Utilities	21,908
Total Operating Expenses	<u>120,441</u>
Total Operating Income /(Loss)	<u>(8,792)</u>
<u>Non Operating Revenues/(Expenses)</u>	
Interest Income	1,428
Grants	338,754
Total Non Operating Revenues/(Expenses)	<u>340,182</u>
Net Loss Before Operating Transfers	331,390
<u>Operating Transfers</u>	
Operating Transfers - In/(Out)	<u>-</u>
Net Loss	\$ 331,390
Net Assets, Beginning of Year	767,158
Net Assets, End of Year	<u>\$ 1,098,548</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities Enterprise Fund
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 109,667
Payments from Other Funds	12,764
Payments to Provide Services	(52,130)
Payments to Employees	(27,200)
Net Cash Provided (Used) by Operating Activities	<u>43,101</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	1,760
Increase in Restricted Assets	(2,540)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(780)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(415,544)
Grant Funds Received	335,754
Principal Paid on Capital Debt	(13,000)
Interest Paid on Capital Debt	(2,100)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(94,890)</u>
<u>Cash Flows From Investing Activities</u>	
Decrease in Investments	42,413
Interest Earned	1,428
Net Cash Provided (Used) by Investing Activities	<u>43,841</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>(8,728)</u>
Cash And Cash Equivalents, Beginning of Year	17,167
Cash And Cash Equivalents, End of Year	<u>\$ 8,439</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ (8,792)
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	40,386
Increase in Accounts Receivable	(1,982)
Decrease in Due From Other Funds	12,764
Increase in Accounts Payable	257,715
Increase in Retainage Payable	28,635
Decrease in Accrued Interest	725
Increase in Due From Other Governments	(286,350)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 43,101</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

INTRODUCTION

The Town of Junction City, Louisiana (the Town) consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of three aldermen. The Town's combined balance sheet includes the accounts of all the Town's operations. The Town's major operations include police protection, garbage and trash collection, culture/recreation, highways, streets, and administrative services. In addition, the Town operates a Utility Enterprise Fund to provide water and sewerage services.

The following is a summary of certain significant accounting policies and practices:

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and *Statement 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the Town has implemented the following GASB Statements: Statement 37 – *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38 – *Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the Town and the various funds and fund types, the results of operations of the Town and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2009 and for the year then ended.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Junction City, Louisiana is considered a separate financial reporting entity. This financial reporting entity consists of (a) the primary government, the Town of Junction City, Louisiana, (b)

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

organization for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14 established criteria for determining which component units should be considered part of the Town of Junction City, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town; Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town; Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Town has determined that there are no component units that are part of the reporting entity.

Government- Wide and Fund Financial Statements

The government-wide financial statements (the statements of net assets and the statements of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as programs revenues. The Town does not allocate general government (indirect) expenses to other functions.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Town's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modification to the accrual basis of accounting include: Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2009 has been reported only in the government-wide financial statements. Interest on general long-term obligations is recognized when paid. Debt service expenditures are recorded only when payment is due.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Proprietary Funds – The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's enterprise fund has elected to not apply FASBs issued after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

The financial activities of the Town are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Town uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Major Governmental Funds

General Fund – This fund accounts for all activities of the Town not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services, and social services.

Proprietary Funds

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage to residents of the Town of Junction City. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Budgets

The Town uses the following budget practices:

1. In May of each year, the town clerk submits to the board of alderman a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and expenses and the means of financing them.
2. In June of each year, the budget is legally enacted through passage of ordinance. The public is invited to attend all meetings.
3. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

Cash and Cash Equivalents

Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Short-Term Interest Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Bad Debts

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operation is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40-50 years
Equipment	5-10 years

Compensated Absences

The Town does not have a formal leave policy.

Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated Fund Balances represent tentative plans for future use of financial resources.

Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 – Cash and Cash Equivalents

Custodial credit risk – deposits. The Town's cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Town's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Town's cash and certificates of deposit at June 30, 2009. Differences between the Town's balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Deposit	\$ 102,352	\$ 102,507
Certificates of Deposit	<u>240,040</u>	<u>240,040</u>
Total	<u>\$ 342,392</u>	<u>\$ 342,547</u>

The Town's deposits are collateralized as follows:

FDIC Insured Deposits	\$ 250,000
Uninsured Deposits:	
Collateralized	<u>92,547</u>
Total Deposits	<u>\$ 342,547</u>

Credit risk. The Town's only investments are the certificates of deposit mentioned above, therefore the Town is exposed to no credit risk.

Concentration of credit risk. The Town does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Town manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

Note 3 – Investments

At June 30, 2009, the Town's investments consisted of certificates of deposit in the amounts of \$240,040 and restricted deposits in the amount of \$76,943. See Note 2.

Note 4 – Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 4.99 mills. For the calendar year 2008, the 4.99 mills were levied on property with an assessed valuation totaling \$640,420 and were dedicated entirely for general purposes.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Note 5 – Receivables

Receivables at June 30, 2009, consisted of the following:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts Receivable - Customers	\$ -	\$ 13,238	\$ 13,238
Due From Other Governments	-	286,350	286,350
Total	\$ <u>-</u>	\$ <u>299,588</u>	\$ <u>299,588</u>

Note 6 – Restricted Assets

At June 30, 2009, restricted assets were either in the form of demand deposits or certificates of deposit. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 17,385
Rural Development Loan Requirements	<u>59,558</u>
Totals	\$ <u>76,943</u>

Note 7 – Pension and Retirement Plans

At June 30, 2009, there were no Town employees participating in any of the State retirement systems.

Note 8 – Post-employment Health care Benefits

The Town does not provide medical coverage for its retirees; consequently there is no liability for post-employment health care benefits.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Note 9 – Notes Payable

Long-term debt consists of the following at June 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business Type Activities:					
Notes Payable:					
Rural Development	\$ 42,000	\$ -	\$ 13,000	\$ 29,000	\$ 14,000
URAF Payable – LA DOTD	242,979	-	-	242,979	See Note
Totals	<u>\$ 284,979</u>	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 271,979</u>	<u>\$ 14,000</u>

Year Ended June 30,	Rural Development #1		URAF Payable	
	Principal	Interest	Principal	Interest
2010	14,000	1,450	See Note	See Note
2011	15,000	750	See Note	See Note
2012	-	-	See Note	See Note
2013	-	-	See Note	See Note
2014	-	-	See Note	See Note
Thereafter	-	-	See Note	See Note
Totals	<u>\$ 29,000</u>	<u>\$ 2,200</u>		

The Town entered into a Utilities Relocation Assistance Funding (URAF) agreement on May 10, 2006. This agreement is for the utility relocation along the U.S. Highway 167 expansion route. The agreement does not stipulate a set repayment schedule. It states that the Town will be billed accordingly, and the repayment can be made in partial amounts, or in exchange of goods and services. There is currently a dispute between the Town and LA DOTD regarding who is actually responsible for payment. The dispute between the Town and LA DOTD has arisen regarding prior rights and which entity should bear the cost of relocating the utilities. It is the Town's position that LA DOTD should bear 100 percent of the relocation costs. It is LA DOTD's position that the Town should bear 100 percent of the relocation costs. At present, an informal settlement has been reached. Final settlement will take place once the Highway 167 construction project has been completed, and the final audit has been performed.

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Note 10 – Capital Assets

A summary of changes in capital assets follows:

	Balance July 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets, not being depreciated:	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Capital assets, being depreciated				
Buildings & Improvements	185,315	32,762	-	218,077
Vehicles	225,567	-	-	225,567
Equipment	<u>77,303</u>	<u>10,676</u>	<u>-</u>	<u>87,979</u>
Total capital assets, being depreciated:	488,185	43,438	-	531,623
Less accumulated depreciation for:				
Buildings & Improvements	34,668	-	2,686	37,354
Vehicles	103,697	-	12,828	116,525
Equipment	<u>95,735</u>	<u>-</u>	<u>2,948</u>	<u>98,683</u>
Total accumulated depreciation	<u>234,100</u>	<u>-</u>	<u>18,462</u>	<u>252,562</u>
Total capital assets, being depreciated, net	<u>254,085</u>	<u>43,438</u>	<u>18,462</u>	<u>279,061</u>
Governmental activities capital assets, net	<u>\$ 284,085</u>	<u>\$ 43,438</u>	<u>\$ 18,462</u>	<u>\$ 309,061</u>

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

	Balance July 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,400	\$ -	\$ -	\$ 1,400
Construction in Progress	-	369,143	-	369,143
Total capital assets, not being depreciated:	<u>1,400</u>	<u>369,143</u>	<u>-</u>	<u>370,543</u>
Capital assets, being depreciated:				
Buildings & Improvements	19,468	-	-	19,468
Waterworks System and Treatment Facilities	1,355,424	49,401	-	1,404,825
Machinery and Equipment	23,440	-	-	23,440
Total capital assets, being depreciated:	<u>1,398,332</u>	<u>49,401</u>	<u>-</u>	<u>1,447,733</u>
Less accumulated depreciation for:				
Buildings & Improvements	10,744	-	246	10,990
Waterworks System and Treatment Facilities	451,364	-	39,758	491,122
Machinery and Equipment	20,383	-	382	20,765
Total accumulated depreciation	<u>482,491</u>	<u>-</u>	<u>40,386</u>	<u>522,877</u>
Total capital assets, being depreciated, net	<u>915,841</u>	<u>49,401</u>	<u>40,386</u>	<u>924,856</u>
Government activities capital assets, net	\$ <u>917,241</u>	\$ <u>418,544</u>	\$ <u>40,386</u>	\$ <u>1,295,399</u>

TOWN OF JUNCTION CITY, LOUISIANA
Notes to Financial Statements
For the Year Ended June 30, 2009

Note 11 – Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 2009, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 10,600	\$ -
Enterprise Fund	<u>-</u>	<u>10,600</u>
Total	\$ <u>10,600</u>	\$ <u>10,600</u>

Note 12 – Compensation of Mayor and Alderman

The mayor and alderman of the Town of Junction City, Louisiana, were paid the following amounts during the fiscal year ended June 30, 2009:

Mr. Preston Rogers, Mayor	\$ 4,800
Mr. Ronnie Daniels	588
Mr. Terry Enis	588
Mr. Arnold Jones	<u>588</u>
Total	\$ <u>6,564</u>

TOWN OF JUNCTION CITY, LOUISIANA
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 40,000	\$ 40,000	\$ 44,426	\$ 4,426
Intergovernmental	19,000	19,000	19,500	500
Licenses and Permits	17,000	17,000	16,667	(333)
Fines and Forfeitures	20,000	20,000	21,623	1,623
Miscellaneous	22,000	21,000	15,874	(5,126)
Total Revenues	118,000	117,000	118,090	1,090
Expenditures				
General Government	72,460	115,410	91,708	23,702
Public Safety	22,000	22,000	21,382	618
Total Expenditures	94,460	137,410	113,090	24,320
Excess of Revenues over Expenditures	23,540	(20,410)	5,000	25,410
Other Financing Sources (Uses)				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	23,540	(20,410)	5,000	25,410
Fund Balances, Beginning of Year	251,985	251,985	251,985	-
Fund Balances, End of Year	<u>\$ 275,525</u>	<u>\$ 231,575</u>	<u>\$ 256,985</u>	<u>\$ 25,410</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JUNCTION CITY, LOUISIANA
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2009

The Town uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the budget by the Board of Aldermen is in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Town are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund and the Utility Enterprise Fund.

Budget comparison statements included in the accompanying financial statements include the original adopted budget and all subsequent adopted amendments.

Douglas A. Brewer, LLC

Certified Public Accountant

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Ruston, LA 71273-1250

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDIT STANDARDS

Honorable Mayor and Board of Aldermen of
Junction City, Louisiana

I have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Junction City, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 29, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Junction City, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiencies in internal control over financial reporting and which is described as item 09-01 and 09-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, I do not believe that the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Town's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, the Town of Junction City, Louisiana and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Douglas A. Brewer, LLC

Ruston, Louisiana
December 29, 2009

TOWN OF JUNCTION CITY, LOUISIANA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2009

Honorable Mayor and Board of Aldermen of
Junction City, Louisiana

I have audited the financial statements of the Town of Junction City, Louisiana as of and for the year ended June 30, 2009, and have issued my report thereon dated December 29, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses X yes _____ no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards – N/A

Material Weakness Identified _____ yes _____ no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes _____ no

Type of Opinion on Compliance For Major Programs

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)?

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?

TOWN OF JUNCTION CITY, LOUISIANA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2009

Section II- Financial Statement Findings

09-01 Segregation of Duties

Condition:

During the audit, it was noted that the Town Clerk is responsible for entering all transactions into the accounting system, including preparing deposits, writing checks, creating utility bills, entering utility payments into the system, and reconciling the bank statements.

Criteria:

One of the most critical areas of separation is cash.

Effect:

The result is the danger that intentional or unintentional errors could be made and not be detected in a timely manner.

Recommendation:

I recommend that the Mayor and Board of Alderman keep an active role in the accounting process by approving invoices before payment, reviewing the bank statements each month, and signing checks. I also recommend that the Mayor make the daily deposits at the bank.

Response:

The Mayor has agreed to make the daily deposits at the bank. The board of aldermen review receipts and disbursements at council meetings. Due to the Town's small size, it is not feasible to fully separate all incompatible accounting duties, but we will do the best we can with the resources that are available.

09-02 Collection of Cash Payments

Condition:

During the audit, it was noted that the water superintendent occasionally collects cash payments from customers on the Town's cut-off list. This typically occurs when the superintendent is on premises to cut-off the customer's water service for non-payment. He does carry a receipt book to record the transaction.

Criteria:

Cash payments should not be handled in the field by the water superintendent.

Effect:

The result is the danger that intentional or unintentional errors could be made and not be detected in a timely manner.

TOWN OF JUNCTION CITY, LOUISIANA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2009

Section II- Financial Statement Findings (Continued)

09-02 Collection of Cash Payments (Continued)

Recommendation:

I recommend that the Town establish a policy that cash payments only be accepted at Town Hall. This would help reduce the possibility that intentional or unintentional errors could be made and not be detected in a timely manner. It would also reduce the risk of the public knowing the employee might have cash in his possession while performing town business.

Response:

The Mayor has changed the policy and the water superintendent no longer takes payments in the field, cash or other.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

TOWN OF JUNCTION CITY, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2009

Internal Control and Compliance Material to the Financial Statements

There were no findings indicated in my Independent Accountant's Report on Applying Agreed-upon Procedures for the fiscal year ended June 30, 2008, dated November 21, 2008.

Management Letter

No management letter was issued.